

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7289**

**BILL NUMBER:** HB 1434

**NOTE PREPARED:** Jan 10, 2011

**BILL AMENDED:**

**SUBJECT:** Township Government.

**FIRST AUTHOR:** Rep. Davis

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

*Transfer from Township to Municipalities:* The bill provides that in a township containing one or more municipalities (other than a township located in Marion County), after December 31, 2012: (1) the municipal fiscal body and legislative body is the fiscal and legislative body of the township; (2) the township trustee may continue to exercise the powers and duties of the township trustee only in the unincorporated area of the township; (3) within each municipality located in the township, the municipal executive shall exercise the powers and duties otherwise granted to the township trustee; and (4) the functions, duties, and responsibilities of the township assessor (if any) are transferred to the county assessor. It specifies that the offices of township board and township assessor (if any) of such a township are abolished on January 1, 2013.

The bill specifies that if such a township contains more than one municipality: (1) the legislative and fiscal body of each municipality shall act as the township legislative and fiscal body for purposes of carrying out township functions within that municipality; and (2) the legislative and fiscal body of the municipality containing the greatest part of the township's population shall act as the township legislative and fiscal body for purposes of carrying out township functions in that municipality and in the unincorporated parts of the township.

*Single Municipality:* The bill provides that in a township that has all of the township's territory located within only one municipality (other than a township in Marion County) after December 31, 2012: (1) the municipal fiscal and legislative body is the fiscal and legislative body of the township; (2) the municipal executive body is the executive of the township and shall exercise throughout the township the executive powers and duties

assigned to township trustees; and (3) the functions, duties, and responsibilities of the township assessor (if any) are transferred to the county assessor. It specifies that the offices of township trustee, township board, and township assessor (if any) of such a township are abolished on January 1, 2013.

*Department of Local Government Finance:* The bill requires the Department of Local Government Finance to adjust the maximum permissible property tax levies, maximum permissible property tax rates, and budgets of: (1) each township from which powers, duties, and obligations are transferred; and (2) each municipality to which powers, duties, and obligations are transferred; as the department of local government finance determines necessary to account for the transfers of those duties, powers, and obligations.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *Department of Local Government Finance (DLGF):* The bill is expected to have minimal fiscal impact for the DLGF when reviewing township budgets, tax rates, and tax levies in order to consider the ending balance, and to receive appeals from townships. Also, the bill prohibits the DLGF from approving the budget or additional appropriation of a township that fails to file an SBOA report or that fails to certify to SBOA that the township is in compliance with provisions concerning the employment of relatives and contracting with relatives.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill will have indeterminate fiscal impact on township, municipal, and county government with some provisions potentially adding cost and others potentially creating cost savings.

Cost saving may accrue from any management efficiencies created by a municipality administering township government with a township or a portion of a township. While savings will accrue to township residents, the municipal fiscal body, which fixes the compensation of officers, may increase compensation for municipal legislative and fiscal bodies or municipal executives that undertake additional responsibilities from the township boards and trustees. Also, the bill establishes a new positions in certain circumstances

The municipal executive of a municipality that administers a township or a portion of a township would appoint an individual to administer township assistance within the municipality. The township assistance administrator would have the same powers and duties and privileges and immunities as a township trustee.

There are 13 township assessors in Indiana, one (Harrison Township, Vigo County) is located in a township that would trigger transfer of township assessor duties to the county assessor. If the county assessor can provide the assessor services more efficiently than the township assessor, the taxpayers of the township would accrue savings, and the county may incur some additional personnel expense to meet the increased workload.

*Background:* Other than in Marion County, there are 595 townships with the townships territory located in one or more municipalities. For these townships, after December 31, 2012, the municipal legislative body would take over as the township legislative body, the township trustee exercises powers and duties in the unincorporated areas of the township only, and the township assessor responsibilities transfer to the county assessor.

Other than in Marion County, there are eight townships with all of the township's territory located within one municipality only. For these townships, on December 31, 2012, the legislative and fiscal body of the municipality will be the legislative and fiscal body of the township, the office of township assessor is abolished, and the responsibilities of the township trustee transfer to the municipal executive.

**Explanation of Local Revenues:** Under this bill, the DLGF would adjust the maximum levies, budgets, and tax rates of townships that are exchanging duties. There should be no change in the overall total amounts after adjustment.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Counties, municipalities, and townships.

**Information Sources:** Local Government Database.

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